GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3098
ANSWERED ON:10.08.2001
STATUTORY LIQUIDITY RATIO
AMBATI BRAHMANAIAH

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to give Reserve Bank of India more powers to lower the Statutory Liquidity Ratio;

(b) if so, the reasons thereof and the details of RBI`s present powers in this regard; and

(c) the likely impact of such decisions of inflation and working of banks?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB V1KHE PATIL):

(a) to (c) The Reserve Bank ot India (RBI) has submitted a proposal for amendment toBanking Regulation Act, 1949 which prescribes, inter alia, provisions relating Statutory Liquidity Ratio (SLR). The SLR is a prescription by RBI under which banks are required to hold liquid assets in the form of Government and other approved Securities as a percentage of their total demand and time liabilities stipulated from time to time under Section 24 of the Banking Regulation Act. 1949. Thp proposal for amendment to Banking Regulation Act, 1949 is under examination.